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Implementation of the outcome of the United Nations Conference on Human Settlements (Habitat II) and of the twenty-fifth special session of the General Assembly

Strengthening of the United Nations Human Settlements Programme (UN-Habitat)

Report of the Secretary-General**

Summary

The present report is submitted pursuant to paragraph 5 of section III of General Assembly resolution 56/206 of 21 December 2001, entitled "Strengthening the mandate and status of the Commission of Human Settlements and the status, role and functions of the United Nations Centre for Human Settlements (Habitat)".

The report summarizes the progress made in strengthening the status of the Governing Council of the United Nations Human Settlements Programme (UN-Habitat) and the adoption by UN-Habitat of developmental goals and norms current to its field of responsibility to assist in implementing the measures contained in the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium and in achieving the millennium development target of significantly improving the lives of at least 100 million slum-dwellers by 2020. UN-Habitat is currently undertaking an extensive review with the aim of designing a new approach towards its financial base and its work programme. It has strengthened its expertise to play a more forward-looking role in addressing new challenges, promoting partnerships and facilitating contacts and cooperation with Habitat Agenda partners at the international, national and local levels.

The report recommends that adequate institutional and financial support will be required from the international community to make the funding and activities of UN-Habitat more predictable. It also encourages Member States to support UN-Habitat in

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** Submission of the report was delayed owing to consultations.

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its efforts to intensify dialogue among Governments at all levels and Habitat Agenda partners on all issues related to effective decentralization and the strengthening of local authorities, within the legal framework of each country, in support of the Habitat Agenda, the Declaration on Cities and Other Human Settlements in the New Millennium and the above-mentioned millennium development target.

I. Introduction

1. At its fifty-sixth session, the General Assembly considered the report of the Secretary-General on options for reviewing and strengthening the mandate and status of the Commission on Human Settlements and the status, role and functions of the United Nations Centre for Human Settlements (A/56/618).

2. The Assembly subsequently adopted resolution 56/206 of 21 December, by which it transformed the Commission on Human Settlements and its secretariat, the United Nations Centre for Human Settlements, including the United Nations Habitat and Human Settlements Foundation, into the United Nations Human Settlements Programme, to be known as UN-Habitat, with effect from 1 January 2002. The Assembly also decided to transform the Commission into the Governing Council of UN-Habitat, the members of which would be elected by the Economic and Social Council and which would report to the General Assembly through the Council. The Assembly further decided that the Committee of Permanent Representatives to UN-Habitat should serve as the Governing Council's intersessional subsidiary body.

3. The General Assembly decided that the secretariat of UN-Habitat should service the Governing Council and serve as the focal point for human settlements and the coordination of human settlements activities within the United Nations system. It also decided that the secretariat should be headed by an Executive Director at the level of Under-Secretary-General, to be elected by the Assembly for a term of four years upon the nomination of the Secretary-General after consultation with Member States.

4. The Assembly confirmed that the Executive Director of UN-Habitat should be responsible for the management of the United Nations Habitat and Human Settlements Foundation, with due regard to the terms of reference of the Foundation as stipulated in Assembly resolution 3327 (XXIX). It encouraged the Executive Director to strengthen the Foundation in order to achieve its primary operative objective of supporting the implementation of the Habitat Agenda,[1] including supporting shelter, related infrastructure development programmes and housing finance institutions and mechanisms, particularly in developing countries. It invited all Governments to increase their contributions to the Foundation and called for the active participation and collaboration of organizations and bodies within and outside the United Nations system, including the World Bank and regional development banks, in the activities of the Programme and its Foundation.

5. The Assembly reaffirmed that the General Assembly and the Economic and Social Council, together with the Governing Council of UN-Habitat, constituted the three-tiered intergovernmental mechanism to oversee the coordination of the implementation of the Habitat Agenda. It welcomed the fact that the Programme, as the United Nations focal point for the implementation of the Habitat Agenda, would participate in the United Nations Systems Chief Executives Board for Coordination, at all levels of its machinery. It emphasized the role and importance of the implementation of the Habitat Agenda, in particular achieving the goals of adequate shelter for all and sustainable human settlements, in the activities and programmes of the United Nations system.

II. Progress made with regard to the implementation of General Assembly resolution 56/206

A. Governing Council of UN-Habitat

6. In the light of the decision of the General Assembly to transform the Commission on Human Settlements into the Governing Council of UN-Habitat, the status of the governing body has been strengthened, as a subsidiary body of the General Assembly. The Governing Council will continue to report to the General Assembly through the Economic and Social Council.

7. Although this transformation does not entail any changes in the mandate, membership and modus operandi of the Governing Council, the upgrading enhances the status of the governing body of UN-Habitat and thus strengthens its relationships and cooperation with, especially, the governing bodies of other relevant United Nations organizations. This has, in turn, strengthened the capacities of both the Governing Council and UN-Habitat to discharge their mandates of being, respectively, the focal point and the lead agency in the United Nations system in respect of the Habitat Agenda, the Declaration on Cities and Other Human Settlements in the New Millennium[2] and the relevant sections of the United Nations Millennium Declaration.[3]

8. By decision 56/324 of 23 July 2002, the Assembly, on the proposal of the Secretary-General, elected Anna Kajumulo Tibaijuka as Executive Director of UN-Habitat at the level of Under-Secretary-General for a four-year term of office, beginning on 1 September 2002.

9. The decision of the Assembly, in paragraph 8 of section I.A of its resolution 56/206, to formalize the status of the Committee of Permanent Representatives to UN-Habitat, which had been an informal body of permanent representatives in Nairobi, has strengthened the work of the Governing Council and especially that of UN-Habitat, since the latter has now a formalized intergovernmental body to guide its work during the two-year intersessional period in which the Governing Council does not meet. Since its formalization as an intersessional subsidiary body of the Governing Council, the Committee of Permanent Representatives has held four meetings, during which it considered and made recommendations on, inter alia, the implementation of the current work programme of UN-Habitat, the preparations for the World Urban Forum (Nairobi, 29 April-3 May 2002), the preparations for the World Summit on Sustainable Development (Johannesburg, 26 August-4 September 2002), and the proposed revisions to the medium-term plan of UN-Habitat for the period 2002-2005.

10. The revised rules of procedure of the Governing Council, which will reflect all of the above-mentioned decisions of the General Assembly, are under preparation by the secretariat and will be submitted, for consideration and appropriate action, to the Governing Council at its nineteenth session, to be held in Nairobi from 5 to 9 May 2003.

B. United Nations Human Settlements Programme (UN-Habitat)

11. As a follow-up to paragraphs 222 and 228 of the Habitat Agenda and General Assembly resolutions 32/162 of 19 December 1977 and 56/206, UN-Habitat has undergone a comprehensive reform process from 1997 to 2002. It began with in-depth reviews by a consortium of four Member States and by the Office of the Internal Oversight Services, leading to the creation of an independent revitalization team. The process continued with the appointment of a new Executive Director, structural reorganization and the regularization of all Professional staff, and culminated in the transformation of the Centre into a programme of the United Nations system.

12. The transformation and reform process has enabled UN-Habitat to adopt developmental goals and norms current to its field of responsibility that will assist in implementing the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium and the United Nations Millennium Declaration. The millennium development target of significantly improving the lives of at least 100 million slum-dwellers by 2020, which is central to the Habitat Agenda adopted in Istanbul in June 1996, poses a major challenge to UN-Habitat and to the United Nations family as a whole. UN-Habitat has revised its medium-term plan and strengthened its expertise to play a central role in carrying out the United Nations mission of alleviating poverty through slum upgrading throughout the world. The global campaigns on secure tenure and urban governance constitute the primary entry points for this, supported by the Training and Capacity-building Branch, the Urban Secretariat Branch and the Urban Economy and Finance Branch, and by the Regional and Technical Cooperation Division as the operational arm of UN-Habitat.

13. The Global Campaign for Secure Tenure is designed to spearhead a global shelter strategy that promotes the rights and interests of the poor and that recognizes that the vast majority of their shelter is provided by the urban poor themselves. In particular, the campaign promotes the rights and the roles of women as being essential to a successful policy on shelter. Various documents and policy papers related to housing rights and land tenure have been prepared. The campaign has been launched in India, the Philippines, South Africa and Eastern Europe. Activities related to slum upgrading have been initiated at Nairobi, and a major initiative for eastern and southern Africa has been developed.

14. The Global Campaign for Urban Governance is designed to promote accountable and transparent urban governance, which responds to and benefits all sectors of society, in particular the urban poor, and which works to eradicate all forms of exclusion. By linking operational and normative activities, the campaign focuses on mechanisms to promote inclusion. By supporting consensus-building governance processes between local government and civil society, the campaign helps to establish priorities for socio-

economic development. By actively promoting the initiation of international legal frameworks and by working towards an internationally agreed set of principles of good urban governance, the campaign will help to ensure global promotion of urban governance. A toolkit for participatory decision-making has been prepared to promote pro-poor urban governance and a toolkit on transparency in local governance is being developed. The campaign has been launched at regional level in Latin America and the Caribbean and at the national level in Nigeria and India. Preparations for further launches in the Philippines, Burkina Faso, Senegal and Eastern Europe are under way.

15. The Training and Capacity-building Branch of UN-Habitat concentrates on improving the knowledge, skills and attitudes of local governmental officials and civil society partners, and on strengthening effectiveness, inclusiveness and transparency to achieve the millennium development target of significantly improving the lives of at least 100 million slum-dwellers by 2020. The strategy is to build capacity by providing support to national and local training and institutional-support organizations in order to enable them to become more effective in their capacity-building work. Given the scale of the challenge posed by the Millennium Declaration goal, a special effort is being made to expand the networks of partner capacity-building institutions and to maximize the dissemination and cascading of new methods and tools. This is being done through a cycle of activities that includes the convening of subregional workshops for the formulation and review of capacity-building strategies; the development, in partnership with others, of generic methods and tools and provision of support in their adaptation to local contexts; training of trainers; and the provision of follow-up support to national and local training institutions.

16. With the reform of UN-Habitat, there is a stronger focus by its Urban Secretariat Branch on monitoring and research to fill a critical knowledge gap and to provide substantive information for policy formulation and informed participation. The Branch contributes to global reporting by preparing the two flagship reports of UN-Habitat, *The State of the World's Cities* and *Global Report on Human Settlements*, in alternating years. The next issues of the two reports, the *Global Report on Human Settlements 2003* and *The State of the World's Cities 2004*, will describe the progress made towards achieving the millennium development target of significantly improving the lives of at least 100 million slum-dwellers by 2020. A global database on slum conditions is being created and specific research is being commissioned to gather and assess baseline and time-series data. Research and reporting will assist national and local authorities and their partners in setting priorities for slum upgrading and poverty reduction. The 2001 editions of both reports provided a wealth of comparative information on urban poverty, environment and gender issues. These reports are targeted at decision makers, researchers and civil society. The Global Urban Observatory and best practices programmes of the Urban Secretariat Branch have been reorganized and strengthened through the allocation of additional human resources. This is expected to improve the capacity of UN-Habitat to collect and analyse global data and information on the implementation of the Habitat Agenda, in particular, and on human settlements conditions and trends, in general. The team responsible for the preparation of the two flagship reports has also been strengthened in order to improve the global reporting capacity of UN-Habitat.

17. With the UN-Habitat focus on urban poverty, there is a need to understand better the economics of slums. The Urban Economy and Finance Branch of UN-Habitat implements two programmes related to this issue:

(a) **Development and strengthening of housing finance systems and institutions.** Eighty per cent of housing in the cities of the developing world is currently financed incrementally by personal or family savings. Slum-dwellers need to be provided with adequate credit facilities to improve their living conditions. The activities of the Branch include (i) the identification of innovative approaches to housing finance, including public/private partnerships, microcredit systems and local finance mechanisms; and (ii) the strengthening of housing finance systems through the sharing of experience among housing and related finance institutions in developing countries;

(b) **Enhancing productivity in the urban informal sector.** The Branch is undertaking a review of city charters, licensing and other regulatory provisions that inhibit or impinge negatively on the functioning and productivity of the informal sector and is developing a framework of measures to improve the environment for self-employment, including access to

credit by small-scale and medium-scale enterprises in developing countries.

18. UN-Habitat has reoriented its operational activities to support its normative functions related to the Millennium Declaration and to help to enlarge workable solutions to the slum upgrading. Within the overall priorities and substantive direction of the work programme of UN-Habitat, including work with the Cities Alliance, the main function of the Regional Technical Cooperation Division, as the operational arm of UN-Habitat is to put in place and test UN-Habitat policies and strategies at the regional, national and local levels. The Division's work is carried out by the regional offices for Africa and the Arab States, for Asia and the Pacific and for Latin America and the Caribbean. The Division has a portfolio of over 150 ongoing projects and about 50 pipeline projects in 61 developing countries and countries with economies in transition, and also provides substantive advisory services for project formulation and development. Developing countries now participate more actively in technical cooperation, building their capacities and thereby creating the conditions to reduce poverty through slum upgrading and the implementation of related recommendations in the Habitat Agenda.

19. UN-Habitat is committed to strengthening its global programmes, such as the best practice programme, the water for African cities programme, the local Agenda 21 programme, the sustainable cities programme, the urban management programme, the risk and disaster management programme, the safer cities programme, the United Nations housing rights programme and the Global Urban Observatory, with a view to developing innovative and effective slum-upgrading strategies and to articulating of global norms related to urban governance, urban poverty reduction, slum upgrading, shelter and basic services.

C. UN-Habitat Foundation

20. The United Nations Habitat and Human Settlements Foundation was established in 1978 with a start-up capital of US$ 4 million (contributed by the United Nations Environment Programme). Although originally conceptualized as a separate financial institution, the Commission on Human Settlements, in its resolution 2/2 of 4 April 1979,[4] endorsed the functional integration of the Foundation into the United Nations Centre for Human Settlements and the use of its resources for the activities of the Centre as a whole. The Foundation has two sources of income: general purpose contributions and special purpose contributions.

21. General purpose contributions are voluntary contributions made by Governments to UN-Habitat with no specific allocation or conditionality within the overall work programme and budget approved by the Governing Council. During the 1990s, the annual general purpose contributions to the Foundation averaged around US$ 3.6 million, paid by a relatively small number of donor countries. A concerted effort was made to solicit more general purpose contributions, which led to a doubling of such contributions in 2001 (US$ 7.3 million). It should, however, be noted that 40 per cent came from one country and that six major donor countries accounted for 80 per cent of the contributions. Apart from the small donor base, another problem is the relative unpredictability of the general purpose contributions. Multi-year pledges are made only in exceptional cases and even annual pledges are becoming the exception rather than the norm. Most donor countries decide during the course of the current year how much they will contribute to the Foundation and advise UN-Habitat accordingly.

22. Special purpose contributions are contributions made by Governments or other donors that are earmarked for a specific purpose or project. These contributions are fully spent on operational or substantive activities and related programme support costs. This type of contribution is even more unpredictable than general purpose contributions and sometimes has a tendency to diffuse the focus of the UN-Habitat work programme. At the same time, it should be noted that the special purpose contributions have supported a number of key programmes and activities of UN-Habitat in past years. The amount of special purpose contributions has varied, from US$ 3.8 million in 1990 to US$ 9.7 million in 1999. During the 1990s, there was a shift in donor funding, away from general purpose contributions towards special purpose contributions.

23. UN-Habitat is currently undertaking an extensive review with the aim of designing a new approach towards its financial base and its work programme. The review is expected to improve its capacity to perform as a fully fledged United Nations programme and to assist in achieving the millennium development target of a significant improvement in the lives of at least 100

million slum-dwellers by 2020. On 12 March 2002, UN-Habitat presented to the Committee of Permanent Representatives a draft proposal for revitalization, through partnerships with international development banks and other finance institutions, of the United Nations Habitat and Human Settlements Foundation, originally created as a revolving fund to support, inter alia, selected shelter and human settlements programmes in developing countries and the strengthening of housing finance institutions. Various options to revitalize the Foundation are being reviewed, including, among others, the capitalization of the Foundation with a mix of long-term pledges and endowments, its conversion to an independent not-for-profit company with limited liability, its integration with the technical cooperation overhead income and/or the establishment of a separate trust fund for slum upgrading. These options are not mutually exclusive and the detailed implications are still to be studied. They will be put forward to Member States for their review in the course of this year.

D. Partnership

24. As a fully fledged United Nations programme, UN-Habitat would play a more forward-looking role in addressing new challenges and promoting new partnerships and facilitating contacts and cooperation, including information exchange and policy support to Habitat Agenda partners at the international, national and local levels. UN-Habitat would also continue strengthening its work with the key partners in the United Nations system including the United Nations Development Programme, the United Nations Environment Programme, the Office of the United Nations High Commissioner for Human Rights, the International Labour Organization, the United Nations Educational, Scientific and Cultural Organization, the Department of Peacekeeping Operations of the United Nations Secretariat and the World Bank.

25. One of the main strengths of UN-Habitat within the United Nations system is in its partnerships with associations of local authorities and with non-governmental organizations working in the areas of urban poverty and shelter. These partnerships allow UN-Habitat to be a more effective advocate for these issues at the local level in the United Nations system and they provide direct local support for UN-Habitat programmes and policies and for its work on the ground. UN-Habitat promotes the recognition of cities and local authorities and their world associations as partners of the United Nations in the quest for a safer and better world and promotes dialogue among governments at all levels and Habitat Agenda partners on all issues related to effective decentralization and the strengthening of local authorities.

26. UN-Habitat will also consolidate the considerable progress achieved in coordinating and promoting stronger roles for local authorities and major groups of civil society in the implementation of the Habitat Agenda. This may include more effective mainstreaming of cities and local authorities and their organizations in the work of the United Nations, as solicited with regard to institution-building in post-conflict societies, and a broader reach for the Advisory Committee of Local Authorities.

E. Policy coordination

27. The Executive Director of UN-Habitat participated in the meeting of the Chief Executives Board held in Rome on 10 and 11 April 2002, and in the High-level Committee on Programmes. By participating in the Chief Executives Board, UN-Habitat further enhances its capacity to be fully effective in discharging its mandate to coordinate the implementation of the Habitat Agenda and to forge inter-agency partnerships on shelter and sustainable human settlements development. This will also promote the visibility, attention and support that human settlements require as a cross-sectoral dimension of development.

28. UN-Habitat has enhanced its participation in the United Nations Development Group. This is expected to lead to a more productive and effective collaboration with United Nations agencies, programmes, funds and country teams in the implementation of the Habitat Agenda. It would be of benefit in giving higher visibility to human settlements issues, with particular reference to the millennium development target of significantly improving the lives of at least 100 million slum-dwellers by 2020.

29. It would also enable UN-Habitat to intensify its efforts and to enhance its operational role at the country level. This could encourage all members of the United Nations Development Group, other United Nations programmes, funds, organizations and agencies

and the Bretton Woods institutions to support regional, national and local urban observatories, networks and capacity-building institutions and to incorporate a specific chapter on shelter and sustainable human settlements development into common country assessments and United Nations development assistance frameworks.

30. At its most recent session, the Commission on Human Settlements, by resolution 18/5 of 16 February 2001,[5] requested the Executive Director of UN-Habitat to promote the merger of the Urban Environment Forum and the International Forum on Urban Poverty into a new urban forum, a decision affirmed by the General Assembly in resolution 56/206. The first session of the World Urban Forum was held in Nairobi, from 29 April to 3 May 2002. The Forum was an open-ended gathering of experts, in which strong emphasis was placed on the participation of Habitat Agenda partners. Its main focus was sustainable urbanization as the main contribution of UN-Habitat to the preparatory process for the World Summit on Sustainable Development, and on eliminating overlaps and identifying synergies among development agencies in the implementation of the Habitat Agenda.

31. As task manager of chapters 7 and 21 of Agenda 21,[6] concerning, respectively, sustainable settlements and waste management, UN-Habitat participates in the biannual meetings of the Inter-Agency Committee on Sustainable Development. In the lead-up to the World Summit, UN-Habitat prepared two reports, one factual and one analytical, on the progress made in the implementation of the two chapters of Agenda 21. These reports were merged with reports of other task managers in the United Nations system to form the report of the Secretary-General on the implementation of Agenda 21 (E/CN.17/PC.2/7). The report of the Secretary-General formed the foundation of the preparatory process for the Summit.

III. Recommendations

32. UN-Habitat is currently undertaking an extensive review with the aim of designing a new approach towards its financial base and its work programme. The review is being undertaken to improve the capacity of UN-Habitat to perform as a fully fledged United Nations programme and to assist in implementing the measures outlined in the Habitat Agenda and the Declaration on Cities and Other Human Settlements in the New Millennium and in achieving the millennium development target of significantly improving the lives of at least 100 million slum-dwellers by 2020. Once the review is completed, adequate institutional and financial support will be required from the international community.

33. Member States are encouraged to support UN-Habitat in its efforts to intensify dialogue among governments at all levels and Habitat Agenda partners on all issues related to effective decentralization and the strengthening of local authorities, within the legal framework of each country, in support of the Habitat Agenda, the Declaration on Cities and Other Human Settlements in the New Millennium and the millennium development target to achieve a significant improvement in the lives of at least 100 million slum-dwellers by 2020.

Notes

[1] *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996* (United Nations publication, Sales No. E.97.IV.6), chap. I, resolution 1, annex II.

[2] See General Assembly resolution S-25/2, annex.

[3] General Assembly resolution 55/2.

[4] See *Official Records of the General Assembly, Thirty-fourth Session, Supplement No. 8* (A/34/8), annex I.

[5] Ibid., *Fifty-sixth Session, Supplement No. 8* (A/56/8), annex I.

[6] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro*, 3-14 June 1992 (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: *Resolutions adopted by the Conference*, resolution 1, annex II.